
THE FY82 BUDGET AND THE CITIES

A Hundred City Survey

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INTRODUCTION

Recently-enacted federal budget cuts are imposing immense burdens on city budgets, resulting in massive layoffs, service reductions, tax increases, and postponement of needed capital investments. FY82 cuts in federal spending have fallen disproportionately on grants to state and local government, with cities forced to absorb major reductions in housing, transit, employment, and other programs. Nor is this the first cut which cities have faced. For three consecutive fiscal years since FY80, cities have had to adjust to major reductions in federal aid.

Federal budget cuts have resulted in the following service cuts at the local level:

- Reductions in school services;
- Major cutbacks in employment and training programs;
- Elimination of park and recreation programs;
- Crippled housing efforts;
- Reduced police, fire, and sanitation services;
- Sharp reduction in street, road, and bridge maintenance;
- Cuts in city programs to serve the poor;
- Reduced transit service at a higher fee;
- Rapidly deteriorating urban infrastructure;
- Deferral of purchases of garbage trucks, buses, and other city-owned equipment, and reduced maintenance;
- Dirtier water; and
- Reductions in community and economic development programs.

A survey of one hundred American cities, conducted by the U.S. Conference of Mayors from November 3-10, 1981, indicates that federal cutbacks in key urban programs have already caused cities to reduce substantially the services they provide to urban residents. They predict that further cuts, such as a 12 percent across-the-board cut proposed by the Administration, will have major adverse effects on cities and city residents.

The survey asked cities to indicate how they have been affected by federal cuts in public transportation, housing and community development programs, public assistance, wastewater treatment programs, education, CETA, parks and recreation programs, and public works. (See Appendix I for a list of the cities surveyed and Appendix II for the list of questions used in the survey.) Questions also included how the cuts are hitting urban budgets now and how potential cuts may affect them in the future.

The picture that emerges is stark. Sixty percent of cities are laying off workers; 41 percent have raised or will soon increase taxes; and a substantial majority have reduced services substantially and deferred capital spending to try to absorb federal cutbacks. Cities variously warn that they are already at the "bare bones level," "cut to the marrow," and stress the seriousness of the cuts on their continued ability to meet the needs of their people. Cities emphasized the leadership they are

exhibiting by raising taxes at the local level, by making the difficult choices, and by trying valiantly to overcome the barriers they face.

As one official from a city in the South stated, the goal of the city as a "life-enhancing residential community, and as a viable economic entity," is severely threatened by federal withdrawal of funds. And, a city official from the far West observed, "Cities touch people more closely than any other level of government. These cuts mean the loss of amenities and services that people take for granted. We are paring our essential services to the bone. Where do we go from here?"

The U.S. Conference of Mayors will continue to survey the nation's cities on a periodic basis to assess the impact of budget cuts and related economic policies on those cities.

The U.S. Conference of Mayors is committed to working with the Administration and the Congress towards policies to enhance the nation and its cities. It is the hope of the Conference that the information such as that found in this survey will make a positive contribution to the federal policymaking process.

FEDERAL BUDGET CUTS AND
THE FISCAL CONDITION OF CITIES

The FY82 federal budget cuts have caused large and immediate budget adjustments by cities. A significant majority have already made decisions to increase taxes, lay off workers, postpone capital spending, and reduce services. The details are highlighted below.

City Worker Layoffs. Sixty-one percent of all cities have had to lay off workers as a result of federal budget cuts. An additional 13 percent say they will soon do so. These layoffs have a particularly adverse impact on city revenues, welfare burdens, city services, and crime rates.

1a. [Have you] laid off workers?

	<u>Number</u>	<u>Percent</u>
Yes	59	61
No	25	26
Not yet, but will	<u>13</u>	<u>13</u>
	97	100

While the number of layoffs varied by the size and fiscal condition of cities, some cities were forced to reduce their work force by as much as 20 percent, including York, Pennsylvania and Youngstown, Ohio.

LAYOFFS BY CITIES

City	Number, if Given	Percentage, if Given
Allentown	--	1-2
Anchorage	--	3-4
Austin	45	.5
Baltimore	1,000	2.89
Berkeley	--	1-2
Billings	55	7
Buffalo	1,400	10
Cedar Rapids	4	--
Charleston, WV	--	.5
Corpus Christi	360	3
Dallas	50-75	--
Des Moines	20-25	1
Detroit	124	5
Duluth	15*	--
El Paso	fewer than 10	--
Ft. Wayne	10	--
Gulfport	30	10
Las Vegas	100	7
Lincoln	23	2
Little Rock	63	5
Long Beach	12-13	--
Los Angeles	2,100	7.6
Louisville	796	--
Madison	45	3
Manchester	200	10**
Memphis	220	2
Miami	954	--
Nashville	325	5
New Bedford	100	--
Norfolk	31	1
Portland, ME	190	15
Portland, OR	52	--
Providence	425	--
St. Louis	1,068***	12
St. Paul	150	4
Springfield	250	10
Tampa	699	13.5
Toledo	254	8
Wilmington	45	--
Winston-Salem	40	2
York	5	20
Youngstown	212	20

*positions eliminated

**through layoffs and attrition

***includes 401 positions eliminated through attrition

NOTE: 42 cities of the 59 that have experienced layoffs gave a number that could be cited; 5 others gave a number, but asked that they not be quoted directly. These layoffs include CETA workers and other city employees.

Layoffs recognize no regional boundaries, as the figures below indicate.

Regional Distribution of Cities with Layoffs

<u>Region</u>	<u>Number</u>	<u>Percentage</u>
New England	6	10
Midwest	17	29
Southwestern U.S.	4	7
South	13	22
Far West (inc. Alaska)	9	15
Mid-Atlantic	<u>10</u>	<u>17</u>
Total	59	100

In describing its layoffs, Louisville indicated that it "has been forced to lay off approximately 703 CETA employees who were placed in various city departments and outside agencies. In addition, approximately 93 general fund positions in various city operating departments were eliminated largely because of a 12 percent reduction in the city's fiscal year 1981-82 payments. These included positions in the parks patrol unit, school crossing guards, and sanitation workers."

Tax Increases. Despite restrictions on city revenues, many cities are responding to federal budget cuts by raising local taxes. Of the 96 cities responding, 40 (41 percent) have raised or will raise taxes, and 1 (1 percent) tried, but failed.

Twenty-seven cities specified the kind of tax increase adopted, with some adopting more than one increase.

TYPES OF TAX INCREASES

<u>Tax Increases</u>	<u>Number of Cities</u>
Property	18
User fees	11
City income	3
Utility	2
Sales	1

Ten cities, surveyed and responding to this question, already have a sales tax; 18 have an income tax; and 11 have both a sales and income tax. It is important to emphasize, however, that revenue-raising through sales, income taxes, and other methods, are prohibited in a number of states. Currently, 40 states do not allow local governments to levy income taxes, and local sales taxes are not allowed in 24 states. Limitations on property taxes, such as Proposition 2½ in Massachusetts, further hamstring the revenue raising capacity of cities.

Service Reductions. In order to cope with federal cutbacks many cities have had to reduce city services. Ninety-three cities responded to this question. Of these 64 (69 percent) stated that they have had to, or will soon, reduce services; 29 (31 percent) reported that they have not, although some noted that they were already cut to the bone and could not cut any more.

The types of services cut and the number of cities indicating reductions in these areas are as follows: (It

is important to remember that one city could cut in more than one area.)

<u>Service Area Cut</u>	<u>Number of Cities</u>
Park and Recreation	20
Health and Human Services	14
Public Works	10
Sanitation	9
Across the board in all departments	9
Fire Protection	8
Police Protection	8
Libraries	7
Streets and Bridges	7
Training and Employment	7
Environment	3
Arts	2
Mass Transit	2
Some, not specified	1

Many cities have been forced to reduce services in several areas. For example, Berkeley, California, noted that their cuts have been across-the-board, but noted that the federal aid cuts have had a particularly adverse impact on personnel levels in the fire department, police station closings, reduction of police-administered staff, and have resulted in nearly a two-thirds reduction in community social services.

Boise noted that their reductions have affected library hours, recreational programs, and street lighting. Although it has a growing population, Boise has added only three policemen, and no firemen, to their city staff. In Little Rock, city officials have eliminated street resurfacing for lack of funds; their situation has been exacerbated

by voter repeal of a \$3 million road tax. In addition, Little Rock officials have been forced to consider the closing of fire stations.

Manchester has reduced its park maintenance, street sweeping, and refuse collection. Nashville has reduced fire code inspections, the juvenile court budget, health department staff, sanitation, social services for the elderly and deinstitutionalized persons, parks, recreation programs, libraries, jails, and workhouses. Pawtucket has reduced public works and such social services as pedestrian crossing guard programs for the elderly.

One Sun Belt city is reducing cash assistance to the indigent, vacant lot weed control, drainage maintenance, parks and recreation, health, the arts, and air pollution control programs. In addition, it has reduced family planning monies; programs for women, infants, and children; and community services. The city official noted that, "These cutbacks are necessary despite some increases in local revenue sources that we have generated and corresponding budget increases, because the city has not been able to keep pace with its service needs."

St. Paul has closed three recreation centers, reduced library hours from five days to four a week, eliminated 20 police positions, and four firefighter positions,

and the rest of its cuts are spread throughout the city departments.

Toledo has reduced garbage collection from weekly to every two weeks. It has virtually eliminated park and recreation activities, and has completely eliminated its consumer protection program. The city has not increased its police force since 1979, with reductions there being made by attrition. Springfield has cut all departments except public safety.

Deferral of Capital Spending: The Urban Infrastructure. The street, sewers, and bridges of many cities have not been adequately maintained or repaired. Sixty-three percent of the cities have deferred capital spending as a result of federal budget cuts or plan to do so.

These cities range across all regions of the country:

Akron	Dade County	Long Beach	Rockford
Allentown	Denver	Los Angeles	St. Louis
Baltimore	Des Moines	Louisville	St. Paul
Berkeley	Detroit	Manchester	Salt Lake City
Billings	Duluth	Memphis	San Jose
Boise	El Paso	Minneapolis	Seattle
Buffalo	Fargo	Nashville	Springfield
Cedar Rapids	Flint	Omaha	Winston-Salem
Charleston, SC	Gulfport	Pawtucket	Yonkers
Cleveland	Kansas City, MO	Pittsburgh	York
	Lincoln	Richmond	

(Five cities requested anonymity.)

Nine cities stated that they have not yet had to defer capital spending, but that they will have to do so

soon. These are Burlington, Charleston, West Virginia, Dayton, Hartford, Indianapolis, Little Rock, Miami, Portland, Oregon and Tucson.

Denver stated that it had "almost totally" deferred capital spending, particularly affecting expansion of libraries, badly needed bridges, and wastewater drainage.

Cities most frequently cited deferral of capital spending for street and bridge projects. Other deferrals have hit parks and recreation programs, building inspection and code maintenance, fire and police stations, water projects, sanitation, mass transit, and libraries.

Asked to indicate whether or not any "major urban infrastructure plans had been deferred," 62 cities responded with an indication of impact on their infrastructure efforts. Of these, 63 percent stated that they will defer such major undertakings.

Cities that have Deferred Major Infrastructure Plans

Allentown	Fargo	Richmond
Austin	Flint	Rockford
Berkeley	Kansas City, MO	St. Louis
Boise	Louisville	St. Paul
Buffalo	Manchester	Salt Lake City
Charleston, SC	Memphis	Toledo
Dade County	Nashville	Warwick
Denver	Oakland	Wilmington
Des Moines	Omaha	Winston-Salem
Detroit	Pawtucket	Yonkers
Duluth	Providence	Youngstown

Examples of such major infrastructure deferrals include Allentown, which has deferred a sewer run-off system; Berkeley, which has deferred road repairs, street sweeping, and all equipment maintenance and replacement; Boise, recreation and park maintenance; Buffalo, street resurfacing, street lighting, a sludge transfer plant which is required by the Environmental Protection Agency, and an updating of city water lines; Charleston, South Carolina, many equipment purchases, including garbage trucks and street sweepers; Des Moines, a major sewer project, which has been in planning for several years; Duluth, storm sewer construction; Louisville, city incinerator repairs; Manchester, transportation centers; Memphis, major street repairs; Omaha, two fire stations, three senior citizen centers, and water and sewer projects; Rockford, road expansion in industrial areas; and Youngstown has deferred buying any new fire equipment and noted that they "can't repair all the bridges and streets that need repaired."

One point is clear -- the impact of budget cuts respects no limits. It hits all cities, and affects all services within a city, and reduces the quality of life of all of a city's residents.

The sections which follow spell out in some detail the urban services affected by federal budget cuts.

GENERAL REVENUE SHARING

Cities use general revenue sharing funds for a wide range of municipal services ranging from fire protection to street lighting. City officials in 60 percent of the cities responding said they would be forced to lay off workers if their general revenue sharing allocations are cut, with the number of layoffs in the cities interviewed ranging from a half dozen workers to more than 75. At least one-quarter of those responding said they would have to also increase taxes in the face of such a cut, and 70 percent said city services would be significantly curtailed.

Those services affected by such cutbacks include police and fire protection, street lighting, parks and recreation, sewer construction, major infrastructure work, sanitation services, street maintenance, and health and human services. Birmingham reports there would be a reduction or elimination of the Neighborhood Participation Program. Tampa uses revenue sharing for 19 percent of its police department budget, and would face serious cutbacks in police service with a 12 percent revenue sharing cut.

Over 25 percent of the cities predict they would have to increase property taxes if revenue sharing is cut. Many other cities would be unable to raise taxes because of taxpayer resistance, state restrictions, or taxing authority or strict tax restrictions which have been adopted.

The keystone of the Reagan Administration's "New Federalism", general revenue sharing has become an integral

part of city budgets. It is clear that any cut in this program, which is widely supported by local officials, will have a major adverse result on city services and tax rates.

STATE BLOCK GRANTS

A major thrust of the FY82 budget proposals was the development of state block grants to replace categorical programs formerly run by the federal government. These block grants in health and human services, education, and community development for small cities are pointed to by the Administration as harbingers of its "New Federalism." Many cities expressed misgivings about direct state entitlement through block grants without adequate safeguards for city involvement in the development of allocation plans and priorities for the use of these funds. Our survey bears out the concerns which were expressed prospectively by so many cities.

STATE BLOCK GRANTS (percent of those responding)

- 55 percent said the state has not consulted with them or offered an opportunity to participate in the state's decision-making process.
 - 38 percent said they have not been able to get information from their states about the implementation of the block grants.
 - 58 percent said they expected to lose money as a result of the block grants. Only 1 community surveyed thought the block grants would mean an increase in funds.
 - 42 percent said their state was opting to take over the Small Cities CDBG program, and 27 percent said they were doing it poorly, or had some complaints about the process. Fully 53 percent didn't know how the state was carrying out this transition.
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Many of the cities contacted said that consultations with the state had occurred only after decisions had been made and a program drawn up. This was true in states as diverse as California, Tennessee, Nebraska, and Maine. Many communities said communication had begun only after they had initiated it. Other cities said they had met with genuine lack of response even after initiating contact themselves and seeking information from the states. Respondents blamed their troubles with the states on confusion at the state level about the programs and their responsibilities; historic bad relations between the city and the state; and state legislatures with strong rural and anti-urban biases.

Many cities expressed strong doubts that their needs would receive the same attention from their states as they have from Washington. One major reason for this apprehension is a widespread belief that states will disproportionately cut the share of funds going to urban areas in order to provide coverage of some kind in every part of the state. In Washington State, for instance, the Human Services Department is anxious to maintain a basic level of services everywhere in the state. Reduced overall funding means that areas like Seattle will receive less funding than in the past so that rural areas can receive some service at all. Needs-based allocation of funds, the cities believe, will not be adopted by states. Rather, the effort will be to try to please

every possible constituency, particularly the strong rural-suburban contingents which dominate many state legislatures.

EMPLOYMENT AND TRAINING

Severe cuts in employment and training programs funded under the Comprehensive Employment and Training Act are having a very negative effect on city economies at a time when national and city unemployment rates are extremely high. The national unemployment rate at 8 percent and rising, translates into double-digit rates in many cities and 50 percent rates for minority teenagers.

In response to the Administration's elimination of all public service jobs under CETA Title IID and VI in FY82, cities have laid off all of their CETA employees--a total loss of 300,000 jobs from the CETA system.

Resulting costs to individual cities in dollars and services are immense and diverse. Of the 65 cities reporting direct financial effects due to the elimination of CETA, 42 percent are paying unemployment compensation, and 8 percent welfare. One northeastern city will spend approximately \$20-25 million on unemployment compensation for former CETA employees, based on 2,000 people getting \$130/week for 34 weeks. Columbus, Ohio is spending \$40,000-50,000 per month for unemployment compensation. Baltimore anticipates losing \$27 million in wages, which multiplies to a \$60 million drain on the economy because of lost wages. Only eleven percent of those cities surveyed felt there would be little direct cost to their cities, and only 20 percent said the county, state, and/or federal governments are paying the costs.

The stark reality of being newly unemployed in a recession economy is the prospect faced by former CETA

employees. Some -- but not all -- former CETA employees had been hired by the city government in 52 percent of the respondent cities, other governments in 26 percent, private industry in 47 percent and nonprofit organizations in 5 percent. Fully 10 percent of the cities said none of their former CETA employees had found employment.

In Anchorage, 18 of the 80 employees laid off are now on the city payroll. Buffalo city government had hired 100 and private industry 380, of the 1,400 laid off. In Corpus Christi, 253 of the 362 terminated have been hired by the city government. Detroit city government has picked up 1,000 of the 1,124 laid off from CETA. Two hundred of the 760 laid off in Fort Wayne have found other jobs. In Fresno, the city has hired 40-50 of the 250 unemployed. In Los Angeles, of the 5,000 laid off, 63 are working for the city, 300 for other governments, and 800 for private industry.

Of the 10,330 laid off in New York City, 5,350 have been hired by the city, 39 by other governments, and 347 by private industry. Less than 5 percent of Pawtucket's 115 former CETA workers have found new jobs. None of Savannah's 83 public service employees has been re-employed. Approximately 40 of Waterbury's 205 laid-off CETA employees are working for the city. Five hundred of Seattle's 523 are working for the city now. And, in Toledo, 125 of the 694 are working for the city and other governments and none in private industry.

Of the 71 cities reporting the termination or cuts in services, 30 percent have reduced or eliminated parks and recreation programs, 25 percent health and human services programs, 20 percent street and bridge maintenance and construction, and 17 percent training and employment projects, most affecting youth. Maintenance and security in city housing projects will be cut in over 10 percent of the cities surveyed. Health and human services affected include day care, transportation and food programs for the elderly, alcohol and drug abuse centers, youth counseling, rape crisis centers, minority advocacy, displaced homemaker programs, and health delivery services. Aid to community-based organizations, which provide many of these services, will be eliminated in 13 percent of the cities surveyed. In Atlanta, at least 10 community-based organizations have closed so far and the termination of the CETA program will have "a significant negative impact on the city." According to an official in Cedar Rapids, the program was "killed without regard to its effectiveness. PSE was our best program." Public service employees represent "20 percent of Miami's current work force -- it will be a severe loss to the city." Eight percent said some programs in all public services will be terminated and many large urban cities, like Detroit, which must pick up all the costs of the terminations of employees and services, feel it will

mean "disaster" for their communities, especially for the poor and minorities.

Mayors and county officials are now working for re-authorization of a national employment and training program that will continue the direct federal-city relationship established in 1973 under the Nixon Administration's Comprehensive Employment and Training Act. Many cities surveyed stressed that the direct federal-city link has worked well for them and that they want to see it continued.

One person with over eight years of experience as a city employment and training director made the following observation: "Under the Nixon Administration, we worked out a compromise to provide a way by which all cities and counties with a population over 100,000 could tackle their employment and training issues directly in concert with the federal government. Thus, in 1973, we agreed after months of negotiation that while there is a role for all governmental levels, the best system is one in which cities work with the federal government directly, without any intermediary barriers. That direct system works, and we have to keep it."

Many city officials expressed apprehension about a fundamental restructuring. As one official of a Midwestern city said, "Look, we are really hard hit by all these cuts and by our unemployment. We have just laid off more than 500 city workers and eliminated 300 more vacant positions from city rolls that we needed to have filled. It was

bloody and painful and hard to say 'get lost' to people, some of whom had thirty years in with the city. In addition to our having to lay off city workers, we are dealing with a huge unemployment problem here. Remember, when you see an eight percent unemployment figure nationally, that translates into 15 or 20 percent or higher unemployment in cities, and in some instances, among our minority youth population, for example, we have unemployment over 40 percent."

The survey question on layoffs of public service employees produced a broad range of observations, not only about Public Service Employment (PSE), but also about the employment and training system in general. The picture that emerges is that cities across the country feel serious apprehension about the effects of federal cutbacks on urban employment and training programs in this country. When recent proposals to shift responsibility for employment and training from the local to the state level are added to the discussion of federal employment and training cutbacks, local officials expressed even more alarm.

COMMUNITY AND ECONOMIC DEVELOPMENT

Since 1974, Community Development Block Grants (CDBG) have provided cities around the country with a flexible source of funds for infrastructure improvements, neighborhood development, housing rehabilitation, and targeted delivery of services to low- and moderate-income people. Proposed funding for the program in FY82 was equal to FY81 levels, despite the addition of some 35 new SMSA's to the program. Also, other complementary programs such as Section 312 rehabilitation loans, Section 701 planning grants, and low-income energy weatherization were substantially reduced or terminated, and the burden of providing these services pushed into the CDBG program. The FY82 budget legislation on the program translated to an effective cut in real dollars of 10 percent for all entitlement communities, compared to allocations in FY81. Cities surveyed said that this cut is having an immediate effect in this way:

COMMUNITY DEVELOPMENT BLOCK GRANTS (percent of respondents)

35 percent of the cities surveyed said that the FY82 cuts in CDBG already enacted have had a substantial effect.

72 percent said that a further 12 percent cut would have a disastrous or substantial effect.

Surveyed cities said that services under CDBG have already been curtailed as a result of projected funding cuts. Nearly all the cities contacted said that CDBG cutbacks will mean across-the-board reductions in activities such as capital

improvements in distressed neighborhoods; reduction in the amount of housing rehabilitation; cutbacks in services such as special transportation for the elderly in target neighborhoods, and elimination or reduction of street paving and repaving programs in deteriorated areas.

An additional 12 percent cut in FY82 funding for CDBG was viewed by most cities as particularly serious. Atlanta, for instance, said that it would be "disastrous." "In addition to a general deferral of programs now underway, there will be no other place to make up the lost funds--all the pots are empty now." The city pointed out that there is little hope of aid from its state, particularly given its rural bias and the stiff competition from rural areas for scarce funds. Boston said further cuts would be "devastating" "--these (funds) are the city's principal development tools." Buffalo pointed out that CDBG funds are the key to its economic development efforts to increase its revenue base and become more self-sufficient. One southern community commented, "We've been given ten new things to do with this program and one-half the money." El Paso commented that all social service programs would be cut by at least \$200,000. Another southwestern city stated that a further cut would mean that existing commitments from previous years would have to be broken, leaving some projects unfinished in target neighborhoods.

Another major thrust in city programming since 1974 has been economic development. The adoption in 1977 of the Urban Development Action Grant (UDAG) program spurred even

greater attention to this vital area. Program funding through the Economic Development Administration (EDA) also provided cities resources which they could use to leverage private sector investment to create jobs and reduce dependence on public assistance. The UDAG program was cut by 26 percent in FY82 from FY81 levels; EDA was proposed by the Administration for elimination. The UDAG program appears headed for an additional 12 percent cut in the second round of Congressional budget reductions.

URBAN ECONOMIC DEVELOPMENT
(percent of respondents)

- 31 percent said the cutback in UDAG has had a substantial effect in their communities.
- 38 percent said reductions in EDA were having a substantial effect.
- 45 percent said further cuts in UDAG would have a disastrous or substantial effect locally.
- 51 percent said the elimination of EDA would have a disastrous or substantial negative effect on their communities.

The City of Knoxville summarized many comments by calling UDAG cuts "self-defeating." Thanks to the program, that city has totally revitalized our downtown."

In Dayton, the EDA cutbacks will mean that a \$1 million revolving business loan fund to help businessmen in the city stay in business there, will not be funded completely. Ft. Wayne will be forced to cut staff in the city working on economic development projects because of the withdrawal of EDA support. Portland, Maine's effort to revitalize its waterfront for private investment and jobs may be lost

entirely if EDA funding is cut off. Salt Lake City might have to abandon a downtown development project because of the EDA cuts. Youngstown, which has lost 10,000 jobs since 1977, needs loan guarantees from EDA to attract new industries and help those there now to expand.

ASSISTED HOUSING PROGRAMS

In the March revisions to the FY82 budget, housing assistance funds were proposed to be cut by nearly 30 percent. This reduction in funding affected cities' ability to use Section 8 subsidies in existing, rehabilitated, and newly constructed housing, and to develop publicly-owned and operated low-rent housing. Subsidies for the operation of low-rent public housing also were slated for cuts, and public housing authorities were notified to expect no more than 85 percent of the funds to which they were entitled by the Administration's own Performance Funding System. Cities across the country are feeling the impact of these cuts.

ASSISTED HOUSING PROGRAMS (percent of those responding)

57 percent characterized the cuts already enacted as having a disastrous or substantial effect in their communities

70 percent said an additional 12 percent cut would cause a disastrous or substantial impact in their communities

Particularly serious were the comments of many respondents -- many of whom asked not to be identified by name -- that further cuts in housing funds could easily lead to the bankruptcy of local public housing agencies. Many communities said that further cutbacks in public housing operating subsidies would lead to the closing of substantial numbers of public housing units. One southern

jurisdiction pointed out that it has a waiting list of 27,000 people already for public housing, and its housing authority is close to bankruptcy. The City of St. Paul characterized a further cut in housing assistance as "devastating," pointing out that without additional federal assistance, the city's efforts to encourage the development of smaller, more energy-efficient homes will be hampered. This will mean further waste in energy and space in the city, while putting increasing pressure on the existing housing stock.

City after city noted that vacancy rates are below 3 percent, in many cases hovering between 1 and 2 percent. Cities as diverse as Corpus Christi, San Jose, and Springfield, Missouri, all pointed to low vacancy rates as a major problem which cutbacks in federal housing assistance will exacerbate.

HEALTH AND HUMAN SERVICES

While cities share responsibility with states and counties for public assistance programs, a large number of cities surveyed expect to be negatively affected by cuts in federal income support programs.

More than 33 percent of the cities said they have a public assistance or general assistance program for the indigent, with the remaining cities reporting that counties, states or non-profit agencies are responsible for these programs.

Where cities provide assistance programs, the three most common are general assistance, emergency services, and medical assistance programs. Because one-fourth of the program's clients are on Medicaid and/or Medicare, reductions in federal support for these programs will cost the city revenue. For the past 25 years, one southwestern city has been giving assistance to those ineligible for state aid. Already feeling the pinch, the city says, "we have reduced our program by consolidating staff and making smaller amounts available for cash assistance. The future focus will probably be on home energy costs and homemaker services."

Some 58 cities stated that cutbacks in federal income support programs are resulting in calls from or on behalf of the poor. An increase in calls and inquiries from the poor was experienced by 40 cities surveyed. Another 18 said public assistance agencies were calling to ask the city for help

or money for the poor. Thirty-nine cities felt calls were being placed to county officials responsible for administering public assistance programs.

"The impact is immediate," says Atlanta. "People are asking for help." And, in Knoxville, "people are contacting the city because they don't know where to go now." Calls are up 30 percent in one southwestern city and up 20 percent in Baltimore. New Bedford projects "calls will really hit the city if unemployment increases."

Almost all cities that fund local assistance programs expect federal cutbacks to result in increases in the city's public assistance budget. Cities that won't have increases say it is because there isn't any more local money available. Cities relying on states and counties to operate assistance programs foresee a ripple effect that will end up taking a bite out of the city budget.

In Madison, the city's public assistance budget is expected to jump 15 percent in FY82. Providence has had a first quarter budget increase to \$2 million, up from \$1.5 million.

In Baltimore, the city projects changes in the food stamp income eligibility standard may mean \$1.1 million in lost income to some 20,000 of Baltimore's working poor and households with high expenses relative to income. For the city, there will be more stress placed on emergency services.

Cincinnati's health department is facing "a real crisis" with the loss of approximately \$3.5 million in federal grants. Hard hit will be programs directed to mothers and infants, immunizations and rat control.

Many cities anticipate a domino effect where, as the providers of last resort, they will be obligated to step in and aid the indigent. In Columbus, Ohio, the county funds the general assistance program for the poor, but federal cutbacks will place a greater burden on city social services. "If the county can't handle the needs, the city may have to develop new programs," predicts Corpus Christi. Buffalo reports the county operates public assistance programs, but reductions in federal funds may make the county increase taxes, "thereby creating an adverse impact on the city's ability to raise sufficient revenue for city programs. There's already a gap between county expenditures for public assistance and county revenue to provide them." And, in Texas, the state has made heavy cuts in day care and nursing home services, forcing El Paso to compensate by increasing its budget for these.

Many cities also make contributions to private, non-profit agencies. Of the 90 cities which make such contributions, donations total \$1 million annually. These city dollars support a wide range of activities which include social and health services, cultural, educational,

and recreational programs, legal services, and economic development. Additionally, some cities contribute in-kind services to their private, non-profit agencies. A total of 11 cities indicated that their contributions will be reduced in FY82. Berkeley will have to cut their contributions by 60 percent and Denver by 50 percent. Fresno will have to take the extreme measure of eliminating the city's contribution to the private sector.

Combined cutbacks in availability of city general assistance funds and in contributions to private, non-profit agencies, when viewed in combination with cutbacks in federal and state programs that directly assist the poor and disadvantaged, paint a picture of great hardship and significantly decreasing assistance for the poor and the working poor.

EDUCATION

Education services are being reduced in most cities across the country. Layoffs are rampant. School lunches cost more. These are the impacts now -- and the impacts in the coming months.

Reduced Services. The most dramatic impact of the federal cuts in education has been in the reduction of services, as indicated by three-fourths of the 62 responding cities. Even more significant are the areas cited as most frequently receiving the cuts -- Title I programs for the disadvantaged, bilingual education, and programs for handicapped students.

And it does not appear that new local dollars will be available in many cities to make up this slack in reduced services. Forty percent of the cities responding said that school taxes would be increased to offset the federal cuts. State laws prohibit many other cities from even considering this option.

In view of the large numbers of disadvantaged and handicapped children presently served by special programs, as well as the increasing numbers of non-English speaking immigrant and refugee children, the federal cuts in special services could portend serious problems. For example, Dade County alone has an influx of 16,000 new students from Cuba and Haiti whose special needs cannot be met. The availability of special services has given school systems large clienteles of special needs students

who will have to be educated within the regular curriculum.

Since it is doubtful that the regular education programs of school systems can respond to all the needs of children served by special programs, city social service and health agencies will be called upon to assist. And, cities also may have to cope with more frustrated youths who become school dropouts as a result of the diminished capacity of public school systems.

Layoffs. Layoffs also were a frequently cited result of the federal cuts. Nearly two-thirds of the responding cities indicated that reduced federal funds had necessitated employee cuts across all categories of school personnel.

Other Effects. Other effects cited by 14 of the 40 responding cities were school closings, service fees for recreation, and fewer auxiliary staff members such as counselors, tutors, and aides. Los Angeles schools have suffered a severe setback in integration efforts because federal funds for this purpose have been cut from \$15 million to \$7 million.

Future Impact. In discussing the future impact of federal cuts, several cities indicated it was too early to predict effects. However, reduced services were again cited as the primary target area by 95 percent of the respondents. In the words of the Director of Finance for the East Baton Rouge Parish School Board, "Title I special

Programs will evaporate." More layoffs were predicted by 79 percent of the 33 respondents. School closings, increased taxes, and other stringent measures, were indicated by 65 percent of the responding cities. Atlanta summed up its situation by stating that "the effects will be traumatic."

School Lunch Program. The school lunch program will suffer in many cities with increased costs and prices resulting in decreased participation in several cities. For example, in Baltimore, 4918 children have dropped out of the school lunch program. As a result, some schools may not be able to continue their programs. Of 54 cities providing information about the impact of the cuts on their school lunch program, almost a third said the effect was disastrous, another third said substantial, and the remainder indicated moderate effects.

INDUSTRIAL REVENUE BONDS

Tax-exempt Industrial Revenue Bonds (IRBs) have played an increasingly important role in city economic development efforts in recent years. Cities report that this tool has been particularly helpful in working with small businesses which need funds at reasonable interest rates to expand and increase employment. The Administration has proposed curtailing or even ending the tax-exempt status of these bonds for small issues. Cities surveyed said this would have a serious negative effect on their economic development efforts.

INDUSTRIAL REVENUE BONDS (percent of respondents)

64 percent of those surveyed said they used IRBs.

79 percent said that an elimination of IRBs would have a disastrous or substantially negative effect on their cities.

34 percent said requiring a 5 percent match for issuance of the bonds would make their use impossible.

Cedar Rapids reported that, "it would stop all expansion in the city" if IRBs were eliminated. "All the economic growth of the last two years (in Cedar Rapids) depended on IRBs. The effect would be dramatic." A southern city said that a job creation effort involving 11,500 jobs in depressed parts of the city would be halted if IRBs were terminated. Garland, Texas reported that "it would have a substantial effect. There have been about 8 projects here receiving IRB assistance, all small issues."

Requiring cities to match IRBs with local funds would virtually end the program in most areas, according to survey respondents. Berkeley said it would make it "impossible" for the city to participate in the program. Cedar Rapids said that state law would prohibit it from matching the funds at all. Duluth said that "budget constraints make any match impossible." Gulfport said "the city would stop issuing them" if a match were required. Indianapolis said such a requirement would have a "chilling effect."

TRANSPORTATION

The nation's cities are enduring difficulty across the board in meeting basic urban transportation needs including public transit, streets, roads, and bridges. And the situation is likely to get more difficult in the months ahead.

Public Transportation. Fare increases -- both recent and projected -- are the common thread running through most urban public transportation systems, combined with ridership declines and reductions in service. The summary figures below graphically illustrate the dilemma.

PUBLIC TRANSPORTATION AND CITIES (percent of respondents)

60 percent have had fare increases in the last six months

53 percent expect another fare increase in less than a year

City officials are concerned that additional cuts in federal operating assistance will result in cuts in service, decline in ridership, and increased fares. With further cuts in the capital program, the most likely impact would be deferred purchase of new equipment along with generally deferred maintenance.

Public transportation can be the victim of a vicious cycle. Budget cutbacks yield higher fares, which lead to declining ridership, which results in deferred maintenance and service cutbacks, further impairing services.

But more than an economic cycle, federal transit budget cuts mean real impacts in cities. Public transportation serves a largely dependent population -- the poor and the elderly, in particular. Yet fares are approaching \$1.00 -- one way -- in cities across the country.

Transit also serves an independent population -- those who can afford to make the choice between transit and other modes. As fares rise and service shrinks or declines, this group might return to their automobiles -- which means a far greater amount of street congestion, energy waste and dirty air in cities.

Cuts -- particularly in operating assistance -- mean that just as transit is poised to make major gains, cities will have neither the resources to expand nor to properly maintain their public transportation resources.

The U.S. Conference of Mayors has argued that in addition to the overall level of federal resources, it is critical to look at the uses of those dollars. The Administration's proposal to phase out operating assistance would make the federal transit program highly inflexible -- available for capital only. The Conference has proposed an adequately funded flexible block grant approach so that local officials, within broad limits, could tailor federal resources to meet local needs.

Streets, Roads and Bridges. Transportation is a basic component of the urban infrastructure. Unless cities

can reverse the decline in the infrastructure, any possible economic growth in the future will either fail to develop or surely bypass them.

By all accounts, the urban transportation infrastructure is in serious disrepair, as the figures below indicate.

STREETS, ROADS AND BRIDGES
(percent of respondents)

56 percent have decreased their budgets for streets, roads and bridges in this fiscal year

65 percent indicated that the situation is deteriorating

Local budgets for streets, roads, and bridges which are declining, will get worse should the Administration's proposal to eliminate the Federal Aid Urban System (FAUS) go forward. The FAUS program is the only federal effort specifically targeted to meet the surface transportation needs of local government.

It is important to note that city budgets in the infrastructure area are not decreasing because of federal largesse, either current or anticipated. Rather, decline in this budget account is the direct result of the need for Mayors to divert funds to the pressing day-to-day service needs of police, fire, and sanitation, to name a few. Added to this are the revenue and expenditure ceilings under which many cities must live.

Finally, the street, highway, and bridge budgets of

cities are uniquely tied to the bond market. Conditions in these markets, sensitive to federal tax policy and interest rates, are now making city participation in the bond market difficult.

Clearly, cities want to do the necessary job in the transportation infrastructure area, but are pressed for funds from all sides -- federal, state and local. As noted, the ability to do much more at the state or local level to raise new revenues is limited. One possible answer is enhancement of an existing national user tax -- the federal tax on gasoline. This source could be raised and sufficiently targeted to have an extremely positive impact on meeting street, highway, bridge and public transportation needs without further denting the federal budget.

WATER QUALITY

Progress in cleaning up urban water is headed for a halt in cities across the country unless the federal government soon resumes its funding of the Wastewater Treatment Construction Grants Program.

The construction grants program has paid for 75 percent of the costs for states and localities to meet federal clean water mandates. The Administration, with Congressional approval, has withheld funding pending revision in the basic clean water law. But, while Congress works towards a new law, cities are left with massive sewerage treatment plants uncompleted. City reaction is summarized below.

WASTEWATER TREATMENT CONSTRUCTION GRANTS:
The Effect of Zero Funds for FY82
(percent of respondents)

9 percent say it has had a disastrous effect
23 percent say it has had substantial effect
16 percent say it has had moderate effect

Nationally, some 30 states across the country have either ceased, or will soon cease, program operations because federal funds have run out.

What cities currently face in the clean water field is a classic case of federal mandates but no federal resources. But, what makes this situation far more serious and severe is that many cities are under federal court order

to meet the clean water mandates. The court orders, and Congressional action, make no allowances for the absence of planned-on resources.

Major cities have also suffered because the program is administered through the states and large-scale projects have often not received adequate attention on state priority lists.

Because these wastewater plants are essentially construction projects, they will also suffer by the increased costs brought about by inflation, if and when construction finally resumes.

Many cities report that because of the withdrawal of federal funds, urban residents will be forced to pick up the costs of completion through higher user fees. These costs have been inflated by mandated requirements and technologies.

Because sewerage capacity is such a basic element of the urban infrastructure, many cities fear that the program moratorium will also have a negative impact on their community and economic development plans -- there is no growth and development without the proper sewer facilities.

Finally, to the extent that cities attempt to complete federally mandated projects with more local funds, it will require diversion from other important city projects.

The Wastewater Treatment Construction Grant program has historically been a roller coaster of both funding and

regulations, and as such, has continuously presented a major challenge for cities to handle. This latest funding crisis, however, puts the cities as never before, on the receiving end of arbitrary federal decisions and places urban environmental programs in jeopardy.

URBAN PARKS AND RECREATION

Mayors are being forced to curtail local expenditures for these efforts by a wide margin. Cities understand the importance that parks and recreation access contributes to community and economic development and the quality of life in cities. But as funds grow increasingly scarce, cities are forced to both reduce all budgets across the board and divert funds to public safety functions such as police, fire and sanitation. Moreover, the public service employees who performed many critical tasks in the parks and recreation areas are now gone. The figures below illustrate the severity of the problem.

URBAN PARKS AND RECREATION (percent of respondents)

65 percent have made or plan to make reductions in the cities parks and recreation budget

\$1.1 million is the average dollar reduction

13 percent is the average percentage reduction

The federal government has never played a large role in the financing of urban parks and recreation systems, although those cities, which have received small funding from the Urban Parks and Recreation Recovery Program (UPARR) or the Land and Water Conservation Fund (LWCF), have found that it can play a crucial role in helping to turn a city around.

But when UPARR or LWCF are cut, or when other federal programs are cut, one way or another the city parks and

recreation department will be among the first to bear the impact. And this is displayed in very human terms.

One major city will have to soon close 10 of 52 recreation centers -- a twenty percent elimination of a system. Many programs in many cities designed to keep youth off the street have had to start late and prematurely end. One big city is literally closing its parks and recreation department for one-half of the year.

The bottom line for city park and recreation efforts is a lower level of services. Some cities report that they will attempt to go to the bond market or adjust local tax sources to compensate for lost park funds, but expect difficulty in doing so. The elimination of the federal Land and Water Conservation Fund and the reduction of the Urban Parks and Recreation Recovery Program increases the burden.

The dramatic and swift reduction and decline in the overall park and recreation effort of all levels of government will hit hardest at those with the least recreation choices -- the poor and the elderly. Parks and recreation resources should also be considered part of the urban infrastructure -- to the extent they continue to decline, the prospect for the city as the foundation of economic growth is also diminished. .

Many cities are now working hard to support their park and recreation systems through a variety of means including contributions of dollars and human resources from

the private sector and volunteers. The future of parks and recreation opportunities in cities will rest on a complex partnership between a variety of participants, anchored by city governments, but including the state and federal governments and the private sector.

APPENDIX I

List of all cities surveyed:

1. Akron, Ohio
2. Allentown, Pennsylvania
3. Anchorage, Alaska
4. Ann Arbor, Michigan
5. Atlanta, Georgia
6. Austin, Texas
7. Baltimore, Maryland
8. Baton Rouge, Louisiana
9. Berkeley, California
10. Billings, Montana
11. Birmingham, Alabama
12. Boise, Idaho
13. Boston, Massachusetts
14. Buffalo, New York
15. Burlington, Vermont
16. Cedar Rapids, Iowa
17. Charleston, South Carolina
18. Charleston, West Virginia
19. Cheyenne, Wyoming
20. Chicago, Illinois
21. Cincinnati, Ohio
22. Clearwater, Florida
23. Cleveland, Ohio
24. Columbus, Ohio
25. Corpus Christi, Texas
26. Dade County, Florida
27. Dallas, Texas
28. Dayton, Ohio
29. Denver, Colorado
30. Des Moines, Iowa
31. Detroit, Michigan
32. Dubuque, Iowa
33. Duluth, Minnesota
34. Elizabeth, New Jersey
35. El Paso, Texas
36. Erie, Pennsylvania
37. Fargo, North Dakota
38. Flint, Michigan
39. Fort Wayne, Indiana
40. Fresno, California
41. Garland, Texas
42. Gulfport, Mississippi
43. Hartford, Connecticut
44. Indianapolis, Indiana
45. Kansas City, Missouri
46. Knoxville, Tennessee
47. Las Vegas, Nevada
48. Lincoln, Nebraska
49. Little Rock, Arkansas
50. Long Beach, California
51. Los Angeles, California
52. Louisville, Kentucky
53. Madison, Wisconsin
54. Manchester, New Hampshire
55. Memphis, Tennessee
56. Miami, Florida
57. Minneapolis, Minnesota
58. Nashville, Tennessee
59. New Bedford, Massachusetts
60. New Haven, Connecticut
61. New Orleans, Louisiana
62. New York, New York
63. Norfolk, Virginia
64. Oakland, California
65. Omaha, Nebraska
66. Pawtucket, Rhode Island
67. Philadelphia, Pennsylvania
68. Pittsburgh, Pennsylvania
69. Portland, Maine
70. Portland, Oregon
71. Providence, Rhode Island
72. Richmond, Virginia
73. Riverside, California
74. Rochester, New York
75. Rockford, Illinois
76. Rockville, Maryland
77. St. Louis, Missouri
78. St. Paul, Minnesota
79. Salt Lake City, Utah
80. San Antonio, Texas
81. San Diego, California
82. San Francisco, California
83. San Jose, California
84. Santa Barbara, California
85. Savannah, Georgia
86. Seattle, Washington
87. Springfield, Missouri
88. Syracuse, New York
89. Tacoma, Washington
90. Tampa, Florida
91. Toledo, Ohio
92. Tucson, Arizona
93. Warwick, Rhode Island
94. Washington, D.C.
95. Waterbury, Connecticut
96. Wilmington, Delaware
97. Winston-Salem, North Carolina
98. Yonkers, New York
99. York, Pennsylvania
100. Youngstown, Ohio

APPENDIX II

100 CITY SURVEY
FOLLOW-UP
November 1981

City: _____

Contact _____

QUESTIONNAIRE

Phone _____

The U.S. Conference of Mayors is conducting a survey of 100 cities which we intend to use in our lobbying efforts here in Washington, D.C. We intend to make public the information you and other cities provide, so if there is any need for confidentiality at any point in the survey, please let me know.

I want to ask you several questions on the impact of the FY82 budget cuts on your city:

1. What budget adjustments has your city made in FY82 as a result of cuts in federal aid?

- (a) Laid off workers? _____ (b) If so, how many? _____
 % of workforce? _____
- (b) Increased taxes? _____ If so, which taxes? _____
 Do you have a city income or sales tax? _____
 Does your state allow you to levy one? _____
- (c) Cut services? _____ If so, which? _____

- (d) Deferred capital spending? _____ If so, which projects
 in particular? _____

Were any major urban infrastructure plans deferred? _____

2. If your general revenue sharing allocation is cut by 12 percent in FY82, what budget adjustments would your city have to make?

- (a) Lay off workers? _____ If so, how many? _____ And
 what type? _____
- (b) Increase taxes? _____
- (c) Cut services? _____ If so, which services? _____

3. When was your most recent transit fare increase? _____
 Do you expect another fare increase before Oct. 1, 1982? _____
 Has ridership declined as a result of your last fare increase? _____
 Do you expect ridership to decline before Oct. 1, 1982? _____
 What would be the likely effect on your transit system of an additional 12 percent cut in federal operating assistance for FY82? _____

- (a) Increased fares? _____
 (b) Cutbacks in services? _____
 (c) Declining ridership? _____
 (d) Other (explain) _____

What would be the likely effect of an additional 12 percent cut in federal capital assistance in FY82? _____

- (a) Deferred maintenance? _____
 (b) Deferred purchases of new equipment? _____
 (c) Other (explain) _____

4. As you know, federal subsidized housing programs have been cut by nearly 50 percent in FY82. What effect has this had on your own local housing efforts? _____

- (a) Substantial _____
 (b) Some _____
 (c) Little _____
 (d) None _____

What types of programs? _____
 What will be the result of an additional 12 percent cut in your housing allocation? _____

5. What has been the effect in your community of federal cutbacks in FY funding for Community Development Block Grants, UDAG and EDA? _____

What will be the effect if CDBG and UDAG are cut by another 12 percent and if EDA is eliminated? _____

6. Does your city use industrial revenue bonds? _____ If so, what would be the impact on your local development efforts if small issue IRBs were eliminated by the Treasury Department? _____

If the city were required to put up 5 percent of its own funds to match the IRB? _____

7. Does your city have some sort of public assistance or general assistance program for the indigent? _____
 As a result of cutbacks in federal income support programs -- food stamps, AFDC, unemployment compensation, Medicare, etc. -- have you received more calls and inquiries from the poor?

Do you expect the city's public assistance budget to increase? _____

8. So far in FY82, no funds have been appropriated for the EPA wastewater treatment program. What has been the effect of this on your city's water and sewer programs? _____

Are you under court order to make improvements? _____

9. In implementing the new block grants, has your state consulted with your city and has your city been allowed to participate in the decision-making process? _____

Explain _____

Have you been able to get information from your state about the implementation of the block grants? _____

How have services in your community been affected by the block grants? What do you anticipate will happen?

(a) City will lose money? _____

(b) Funding about the same? _____

(c) City will gain funds? _____

(question continued on next page)

continued -

9. Is your state administering the small cities portion of the Community Development Block Grant? What is your general impression of how well they are doing, whether or not you are a small city?

- (a) Very well _____
 (b) Some complaints (explain) _____
 (c) Poorly _____

10. What impacts have the FY82 budget cuts in education already had on the school system in your city?

- (a) Lay-offs? _____
 (b) Reduced services? Explain _____
 (c) Increases in school taxes? _____
 (d) Other (e.g., school closings due to budget cuts) _____

What do you anticipate will be the future impact of the FY82 budget cuts on the school system in your city? (please respond in the same areas) _____

What has been the effect of FY82 budget cuts on your school lunch program? _____

11. How many CETA public service employees have been laid off since March, 1981? _____

Which services provided by public service employees have been eliminated? _____

How many of those public service employees who were laid off have been hired by the city government? _____ By other governments? _____ By private industry? _____

What kinds of costs have the city had to incur by the removal of PSE workers from the city payroll (e.g., unemployment compensation, welfare, etc.?) _____

How much were they? _____

12. In FY82, have you made or do you plan to make, any reductions in your city's parks and recreation budget? _____
By how much? _____
13. In FY82, what is happening to your local budget for streets, roads, and bridges? _____

14. Does your city make contributions to private, non-profit agencies? _____ If so, how much? _____